

**Initial
Test Program**

Coupon Gold

2040695542

the Sunflower Group 

10895 Lowell, Overland Park, Kansas 66210 1-913-451-2125, 1-800-255-5085

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Information about The Research House, Inc.

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COUPON GOLD TESTING STRATEGY

Testing of COUPON GOLD will be done in two ways:

- 1) Redemption Test - to measure the relative redemption power of the vehicle as compared to a Free Standing Insert.
- 2) Consumer Research - to determine how consumers perceive the vehicle and how it is used. Consumer research to be conducted by The Research House, Inc.

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COUPON GOLD REDEMPTION TEST

Test Objective: To measure the redemption of manufacturers' cents-off coupon promotions in a Sunday newspaper inserted envelope as compared to the redemption of these identical cents-off coupon promotions in a Sunday Free Standing Insert. Also, to prove the feasibility of inserting an envelope containing manufacturers' cents-off coupons in Sunday newspapers.

Test Design: In select Sunday newspapers we would insert a COUPON GOLD envelope in half of the newspaper's circulation and a SUNFLOWER GROUP printed and distributed Free Standing Insert in the other half of the circulation. A brand would have a full page in the SUNFLOWER Free Standing Insert and at least one side of a 5 1/4" x 8" piece in the COUPON GOLD envelope format. Approximately 75% of the selected newspapers can deliver a true A/B split and 25% would deliver a 50/50 split. Promotional ad and coupon copy would be identical in both formats with a different coupon code for redemption tracking purposes.

Test Date: January 25, 1987

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COUPON GOLD NEWSPAPER LIST
SELECTION RATIONALE

The markets we selected for the COUPON GOLD test are chosen based on their ability to project demographics that resemble the national profile, have media isolation and a good record as a test market. These markets share an average or above average coupon redemption index. Each newspaper's individual ability to execute a 50/50 or A/B split is also an important factor. Additionally, a BehaviorScan market is included to fully incorporate all available research and testing capabilities.

Resources used for these test market selections are as follows:

- 1) Nielsen Clearing House Major Market Indicators
- 2) BehaviorScan Markets
- 3) SM&M Markets, Paratest Marketing, Inc., Marketest, Market Audits, D.F.S. and Burgoyne, Inc. Test Markets

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COUPON GOLD
REDEMPTION TEST MARKET LIST

JANUARY 25, 1987
REDEMPTION TEST MARKETS
(1/2 Coupon Gold, 1/2 FSI
printed by Sunflower)

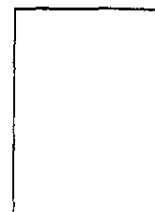
	VERSION A COUPON GOLD (000)	VERSION B SUNFLOWER FSI (000)	TOTAL CIRCULATION (000)
Birmingham, Al. <u>News</u>	107.0	107.0	214.0
Bakersfield, Ca. <u>Californian</u>	44.5	44.5	89.0
Peoria, Il. <u>Journal Star</u>	58.0	58.0	116.0
Ft. Wayne, In. <u>Journal Gazette</u>	66.0	66.0	132.0
Cedar Rapids, Ia. <u>Gazette</u>	41.0	41.0	82.0
Davenport, Ia. <u>Quad City Times</u>	42.0	42.0	84.0
Wichita, Ks. <u>Eagle Beacon</u>	97.0	97.0	194.0
Lexington, Ky. <u>Herald Leader</u>	67.5	67.5	135.0
Lincoln, Nb. <u>Journal Star</u>	40.0	40.0	80.0
Omaha, Nb. <u>World Herald</u>	142.5	142.5	285.0
Rochester, N.Y. <u>Democrat & Chronicle</u>	129.0	129.0	258.0
Erie, Pa. <u>Times News</u>	51.5	51.5	103.0
Corpus Christi, Tx. <u>Caller-Times</u>	47.0	47.0	94.0
Roanoke, Va. <u>Times & World News</u>	63.5	63.5	127.0
La Crosse, Wi. <u>Tribune</u>	19.0	19.0	38.0
Sub Total	1,015.5	1,015.5	2,031.0

VERSION A



6" X 9" envelope
containing 16-20 loose
5 1/4" x 8 3/8" sheets
to be printed and
distributed by SUNFLOWER
to 1/2 the circulation
in each redemption
test market.

VERSION B



16-20 page 8" x 10 3/16"
Free Standing Insert
printed and distributed by
SUNFLOWER to 1/2 the
circulation in each re-
demption test market.
Same advertisers as
Version A.

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COUPON GOLD CONSUMER RESEARCH

In addition to the Redemption Test, consumer research will be done immediately following the January 25 drop. Additional drops in these same markets will be made on March 29 and May 17, each of which will be immediately followed by similar consumer research to determine the extent to which consumers recognize and use the COUPON GOLD envelope.

	<u>COUPON GOLD</u>	<u>FSI</u>	<u>TOTAL CIRCULATION</u>
Boise, Id. <u>Statesman</u>	72.0	0	72.0
Eau Claire, Wi. <u>Leader Telegram</u>	40.0	0	40.0
Sub Total	<u>112.0</u>	<u>0</u>	<u>112.0</u>

Three drop dates (Jan. 25, March 29, May 17) 112 x 3 = 336.0

COUPON GOLD Consumer Research will be conducted by The Research House, Inc.

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the research house inc.

7220 W. 98th Terrace, Overland Park, KS, 66212 (913)642-4377

The following outlines our proposal on the Coupon Gold envelope test.

Background

The Sunflower Group is planning to introduce a new coupon vehicle in early 1987. This coupon vehicle has been named "Coupon Gold" and resembles the Carol Wright format marketed by Donnelly. The distinction, however, is that Coupon Gold will be distributed as an FSI rather than direct mail.

Historically, a direct mail coupon "out redeems" FSI's by 2 to 1. Sunflower expects the Coupon Gold vehicle to redeem at a rate between direct mail and FSI. These expectations are based on...

- the unique format (sealed envelope in newspaper)
- the ability to develop a "brand" franchise for the vehicle

Sunflower will conduct the following test to judge the redemption of Coupon Gold versus current FSI formats...

	<u>Coupon Gold Format</u>	<u>Same Coupons In FSI Format</u>
Jan. 25	1,015,500	1,015,500

Additional testing is to be done in two markets for consumer research purposes utilizing 112,000 Coupon Gold drops in January, March, and May.

Sunflower clients will provide management with some relative measures of success, however, management needs to develop information which will aid in deciding whether to continue/expand program and, if so, to aid in promoting the vehicle.

Sunflower management has requested that RHI propose a marketing research study to determine...

- Customer's reactions/behavior relative to vehicle
- Whether a franchise builds over time

The following outlines RHI's recommendation.

Information Objectives

The following outlines study information objective.

I. Awareness

- Awareness for Coupon Gold and competitive set
- Awareness for specific coupons (unaided and aided)

II. Usage

- Open envelope
- Read
- Retain coupons
- Retain envelope

III. Perceptions of Vehicle

- Likes/Dislikes
- Value
- Uniqueness
- Likelihood of future readership/use

IV. Coupon Habits

- Frequency of use
- Relative importance
- Awareness/use of mailed coupons

V. Demographics

- Age
- Income
- Household composition

Methodology

Information objectives will be accomplished via a 3-wave telephone tracking survey. A total of 400 interviews will be conducted per wave with 200 in each of 2 markets (Eau Claire, Wisconsin and Boise, Idaho).

A random sample will be selected from the local telephone directories in each market. Up to three callbacks will be attempted for each number in the sample. Calls will be made from 4:00 p.m. to 9:00 p.m. local time to insure proper representation of working women.

Upon telephone contact, consumers will be screened to insure that all survey respondents meet the following qualifications...

- female primary grocery shoppers
- have read the current Sunday paper in their home (either bought or delivered)

All interviewing will be conducted from RHI's monitored central location facilities.

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Recommendation

RHI will utilize a 3-wave tracking in 2 markets with a sample size of 200. This design will allow for...

- Adequate sample sizes to read individual markets
- Large enough total sample (N=400) to have acceptable confidence level i.e., if we found 30% usage of Coupon Gold, the statistical reliability at the 95% confidence level would be...

2 Markets - N=400 30% +/- 4.5 or a range of 25.5% to 34.5%

- Measures from 3 points in time to judge franchise build.

RHI will be responsible for:

- Study design
- Questionnaire design
- Sample selection
- Telephone interviewing
- Tabulation
- Topline report tracking results (3 weeks after drop)
- Final report after final wave

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COUPON GOLD TEST PROGRAM
TOTAL CIRCULATION

All brands involved in the COUPON GOLD test program must participate in the entire 2,367.0 circulation over the three dates.

The circulation breakdown is as follows:

JANUARY 25, 1987

1,015.5 + 1,015.5 + 112.0 = 2,143.0

COUPON GOLD	SUNFLOWER	COUPON GOLD
Circulation	Distributed	Consumer Research
	FSI	Market
	Circulation	Circulation

March 29, 1987

Consumer Research Market Circulation.....112.0

May 17, 1987

Consumer Research Market Circulation.....112.0

Grand Total Circulation.....2,367.0

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COUPON GOLD TEST ARTWORK SPECIFICATIONS

Part of the COUPON GOLD test involves a redemption comparison of an FSI format versus COUPON GOLD tested on an A/B split basis. Sunflower will print the ad in both formats. The ad will appear as one side or two sides of a loose piece in the COUPON GOLD envelope and also as a page in the FSI distributed in the same markets.

Although we would prefer to receive separate mechanicals and transparencies for each version (FSI and COUPON GOLD), it is not a necessity. If we are provided with the mechanical and transparencies for one format, our Art Department can produce the other format.

If there is not a mechanical and transparency available for either format, Sunflower will accept separated film, although the quality of reproduction in the alternative format may be less.

COUPON CODES:

The coupon code for the FSI version must differ from the COUPON GOLD version for redemption rate tracking purposes. A third code must be used for the two markets involved in the consumer research to facilitate an earlier reading on the redemption test.

Three codes should be set up as follows:

Coupon Code #1 = COUPON GOLD format - redemption test markets.

Coupon Code #2 = FSI format - redemption test markets.

Coupon Code #3 = COUPON GOLD format - consumer research markets.

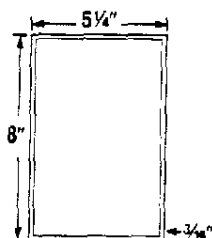
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OPTION 1 - SUNFLOWER PRINTS YOUR AD ON ONE SIDE
OF LOOSE SHEET

Description:

Sunflower will print your ad and coupon to appear on one side of a loose piece in the envelope. A compatible brand will appear on the reverse side in head-to-toe fashion. Sunflower will provide a banner on the top of each side of the piece which will instruct the reader to "SEE REVERSE SIDE FOR ADDITIONAL SAVINGS." To avoid coupon backup, your coupon(s) or other clippable items must be one-sided and appear in the bottom one-half of the piece.

Dimensions For One-Side Option:



The finished bleed trim size is 5 1/4" x 8". Please keep all line matter 3/16" from the trim edge.

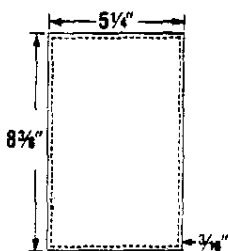
For redemption test purposes, the FSI dimensions are 8" x 10 3/16".

OPTION 2 - SUNFLOWER PRINTS YOUR AD ON BOTH SIDES
OF LOOSE SHEET

Description:

Your ad and coupon will appear on both sides of the loose piece in the envelope. You have virtually complete creative flexibility within the dimensions shown below.

Dimensions For Both Sides Option:



The finished bleed trim size for each side is 5 1/4" x 8 3/8". Please keep all line matter 3/16" from the trim edge.

For redemption test purposes, the FSI dimensions are 8" x 19 3/16".

MATERIALS NEEDED FOR OPTION 1 OR 2:

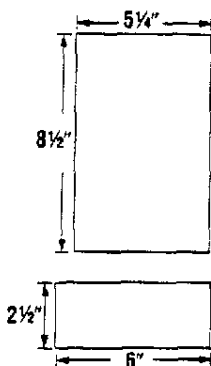
Sunflower must receive one set of film accompanied by a final approved color proof. Film must be right reading with emulsion up or down in 130 to 150-line screen.

OPTION 3 - CLIENT PROVIDES PREPRINTED MATERIALS FOR
INSERTION INTO COUPON GOLD ENVELOPE

Description:

You provide your own preprinted materials and ship them to SUNFLOWER for insertion into COUPON GOLD. This option offers the greatest creative flexibility but sacrifices some cost efficiencies.

Dimensions For Preprinted Materials:



The MAXIMUM finished size dimensions are 5 1/4" x 8 1/2". Four page preprinted inserts must be on a maximum of 50 lb. stock. MINIMUM size and weight is 2 1/2" x 6" on 50 lb. stock. Due to mechanical capabilities, SUNFLOWER reserves the right to approve or reject any pieces not meeting the above specifications.

OTHER SPACE OPTIONS AVAILABLE. CONTACT YOUR SUNFLOWER SALES REPRESENTATIVE FOR DETAILS.

Send all artwork material to:

Charlotte Burriss
The Sunflower Group
10895 Lowell
Overland Park, Kansas 66210
800-255-5085

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COUPON GOLD TEST
CREATIVE OPTIONS AND COSTS

OPTION #1: COUPON GOLD - One side of sheet
FSI - One full page

COUPON GOLD Size: 5 1/4" x 8" front only.
No clippable material in
upper 1/3 of area.

Projected National Cost: \$7.25/M including printing
Cost During 1987 Test: \$9.00/M x 2,367 M = \$21,303

OPTION #2: COUPON GOLD - Both sides of sheet
FSI - One full page

COUPON GOLD Size: 5 1/4" x 8" front and back.

Projected National Cost: \$13.00/M including printing
Cost During 1987 Test: \$14.00/M x 2,367 M = \$33,138

OPTION #3: COUPON GOLD - advertiser supplied, preprinted
inserts
FSI - One full page

Maximum dimension without surcharge is 5 1/4" x 8".

Projected National Cost: \$8.00/M
Cost During 1987 Test: \$8.00/M x 2,367 M = \$18,936

Test Closing Dates

Commitment: Contract due Friday, November 14, 1986

Artwork/
Film Due: Monday, November 24, 1986

Client Artwork
Approval: Monday, December 1, 1986

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